OCTOBER 2012

THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET

AIM JOURNAL

MAM smaller companies fund launch

Fund manager MAM Funds is launching a new UK smaller companies fund which will be managed by Gervais Williams and Michael Turner. It should be up and running before the end of this year. This will provide a welcome further potential source of funds for growing AIM companies.

Williams, who is managing director of AIM-quoted MAM, says that the firm is unconstrained by benchmarks and not obsessed with relative performance. He is also not worried about the size of company. Williams is seeking companies for the fund that he believes can do well over time and achieve a valuation change. An example he gives is Silverdell, an asbestos removal and hazardous waste services provider, which acquired Euro Dismantling Services during the summer. This earnings-enhancing deal transformed Silverdell.

Potential investments for the fund do not have to be paying dividends. They could be recovery playsthat are not yet in a position to offer shareholders an income. However, Williams wants them to have the potential to pay dividends two or three years after the fund has invested.

MAM has developed a strong sales operation and it is considering how it can bring all its operations under one brand. Further growth will come from adding fund managers and new funds. There was £1.72bn of assets under management at the end of June 2012 with a further £30m raised for the Diverse Income Trust after that date.

Planet plans Nasdaq listing

Multi-currency payments processing technology and services developer Planet Payment is on course to join Nasdaq by the end of November. Changes in legislation have made the US stock markets more attractive to small companies. This is because companies valued at less than $1bn do not have to comply with Sarbanes-Oxley accounts-reporting legislation for up to five years.

The idea of joining Nasdaq was mooted by Planet more than one year ago and the company has decided that it should go ahead with an introduction rather than wait to combine the move with a fund raising.

By the end of the year, Planet will offer its payment services in 20 countries. The Middle East is currently the fastest-growing region. Planet's revenues have grown at a compound rate of 26% a year over the past three years. Second-quarter revenues were disappointing because of a lack of travellers and Planet fell into loss.

At the moment, Planet intends to retain the AIM quotation. Some AIM companies that have obtained a listing on Nasdaq, such as Ocean Power Technologies, have subsequently left AIM.

In this issue

HubInvest publishes AIM Journal

www.hubinvest.com

general news

Dart Energy spins off international assets on AIM

ASX-listed coal-bed methane (CBM) producer Dart Energy is spinning off its international assets into a company planning to join AIM in November. These assets are in China, India, Indonesia and Europe. CBM 3P reserves are 140bcf with potential to increase this substantially.

Dart International (DI) will own these assets and it wants to raise £30m to finance their development. The original plan was to float on the Singapore market but the issue was pulled earlier this year. Dart will maintain a majority shareholding in DI.

DI generated revenues of $1.11m in the year to June 2012, down from $1.26m the year before. Substantial asset write-downs meant that DI has lost a total of $74.8m in the past two years. Even without the write-downs the loss would have been around $40m. Net assets were $113.8m at the end of June 2012, including cash of $10.4m. Along with the cash raised and a bank facility with HSBC this should provide enough funding for up to 18 months. However, DI has to pay Dart $12.6m within the next three years in return for Dart paying the deferred consideration for the acquisition of Greenpark through an issue of its own shares.

John McGoldrick is the chief executive of DI. He has worked for Phillips Petroleum and Enterprise Oil and since 2006 has been a director of AIM-quoted Caza Oil & Gas Inc, originally as executive chairman and now as non-executive chairman. Martin Cooper is finance director. He was a director of AIM-quoted technology venture capital firm Interregnum, which is now oil and gas company Parkmead Group.

ASX dual quotes

A report from Australian law firm Baker & McKenzie says 10% of Australian resources companies listed on the ASX have a dual listing and nine of the 80 companies it identifies are quoted on AIM. Baker & McKenzie points out that AIM is an appropriate home for companies that are seeking to raise money from institutional and retail investors in Europe. Both Europe-focused resource companies in the survey have a secondary quotation on AIM as do five out of nine Africa-focused companies. Two of the respondents to the survey said that more than 15% of their shares are traded through AIM. It is not just ASX resources companies that are looking to AIM. ASX-listed electric scooters supplier Vmoto plans a secondary quotation on AIM during November, having recently raised £1.6m to finance growth.

Rangers FC announces ambitious plan to raise up to £20m

Rangers Football Club wants to join AIM and raise up to £20m before the end of the year. The cash will be used to strengthen the squad – although there is currently a transfer ban on the Glasgow club – and to invest in infrastructure.

The club's chief executive, Charles Green, was previously chairman of Sheffield United, when it was first quoted, and a director of other AIM and fully listed companies, so he has experience of the quoted arena.

The original Rangers was on Plus-quoted before it went bust. The new company acquired the business for £5.5m. Having been demoted from the Scottish Premier League to the Scottish Third Division, Rangers has not found its new opponents as easy to beat as some thought that it might.

It is more than a decade since investing in football clubs was fashionable and there is no sign of an appetite for football as an investment. Most of the football clubs that became quoted in the 1990s have been taken over or have left the stock market. One of the only ones left is Rangers' arch-rival. Celtic. It is difficult to make much of a case for Rangers as a business because it has no track record in its current form. However, it is still getting good crowds for its home matches. There is no indication how big a percentage of the company the fundraising will represent. This is a flotation that is likely to attract fans rather than investors. Whether they will want to part with anywhere near £20m of their cash is questionable.

Anyone interested can register with Capita Registrars at www.rangersshareoffer.com.

advisers

XCAP makes fund management purchase

AIM adviser XCAP Securities is acquiring the fund management activities of Hume Capital LLP and its founder will become XCAP's boss.

The fund management companies, including EPIC Investment Partners, manage more than £250m of assets – taking the total for the enlarged group to more than £290m. The acquisitions can generate annual fees of £2.2m but costs will need to be cut for them to become profitable. Sharing office space with XCAP will help with this. The acquired operations also provide corporate advice to the oil and gas sector.

XCAP is issuing 439.2m shares at a price of 0.35p each, which values the purchase at £1.54m. Nitin Parekh, who founded Hume Capital, will take over as chief executive of XCAP and current boss Daron Lee will leave the company. Parekh will have an annual salary of £120,000.

A placing at 0.35p a share will raise up to £2.4m and help to finance additional working capital. A capital reorganisation is required in order to reduce the par value from 0.5p to 0.1p so that the new shares can be issued. One year ago XCAP raised £1.4m at 2.75p a share and when it joined AIM on 17 September 2010 it raised £5m at 4.5p a share.

New, Hong Kong-based investors are buying some of the new shares and XCAP is keen to grow its operations in Asia, where Parekh has worked. XCAP has 24 clients and limited exposure to the Middle East and Asia. XCAP plans to move into the oil and gas sector on the back of the expertise it has acquired.

Cenkos Securities has reported lower interim revenues and profit but the figures represent an improvement on the second half of 2011. Revenues fell from £25.1m to £20.2m, while pre-tax profit declined from £4.99m to £3.53m. Cenkos completed 21 transactions in the period and clients raised £306m, compared with £358m in the same period of 2011. The fall in revenues came in the corporate finance operations. The interim dividend of 3.5p a share compares with last year's interim of 4p a share and a 2012 total of 5p a share.

Panmure Gordon returned to profit in the first half of 2012 thanks to a recovery in corporate finance fees and the sale of the US business. According to new boss Philip Wale, Panmure has "an encouraging pipeline of investment banking mandates".

ADVISER CHANGES - SEPTEMBER 2012

COMPANY	NEW BROKER	OLD BROKER	NEW NOMAD	OLD NOMAD	DATE
Beowulf Mining	Seymour Pierce	Alexander David	Strand Hanson	Strand Hanson	03/09/2012
Ceres Media International	XCAP	First Columbus	Cairn	Cairn	03/09/2012
Top Level Domain Holdings	Singer	Daniel Stewart/XCAP	Beaumont Cornish	Beaumont Cornish	05/09/2012
Botswana Diamonds	Keith Bayley Rogers/ Westhouse	Westhouse	Westhouse	Westhouse	06/09/2012
Ultima Networks	Zeus	Allenby	Zeus	Allenby	07/09/2012
William Sinclair Holdings	WH Ireland	Westhouse	WH Ireland	Westhouse	11/09/2012
Andrews Sykes Group	WH Ireland	N+1 Brewin	WH Ireland	N+1 Brewin	12/09/2012
Kea Petroleum	WH Ireland/RBC	RBC	RBC	RBC	12/09/2012
London Security	WH Ireland	N+1 Brewin	WH Ireland	N+1 Brewin	12/09/2012
Ferrex	finnCap	Canaccord Genuity	finnCap	Grant Thornton	18/09/2012
Landore Resources Ltd	Panmure Gordon	Fairfax IS/ Strand Hanson	Strand Hanson	Strand Hanson	19/09/2012
SciSys	finnCap	Canaccord Genuity	finnCap	Canaccord Genuity	24/09/2012
Burford Capital	RBC/Espírito Santo/ Macquarie	Espírito Santo/ Macquarie	Macquarie	Macquarie	28/09/2012
Blavod Wines & Spirits	Simple/N+1 Brewin	N+1 Brewin	N+1 Brewin	N+1 Brewin	28/09/2012

company news

Nationwide Accident reduces reliance on insurance through retail initiative

Car repair services *www.narsplc.com*

Nationwide Accident Repair Services is changing its model to adapt to the fact that the insurance-related market is getting tougher. Fleet and retail sales remain relatively small but they are building up and they partly offset the decline in insurance company revenues at the interim stage. Revenues fell 13% to £80.7m in the first half of 2012, with much of the decline coming from the closure of poorly performing sites. Like-for-like insurance revenues were 13% lower as claim numbers declined while fleet revenues were 29% higher and retail revenues were 71% ahead. The latter two areas accounted for just under a quarter of revenues but they will increase in importance. Gross margins improved but underlying profit fell from £3.5m to £2.8m due to the lower revenues even though overheads were also reduced. The interim dividend was maintained at 1.9p a share. The prospective annual yield based on an unchanged dividend is 9.1%. Net cash was £8m at the end of June 2012 but there will be two dividend payments in the second half, which will cost £2.4m.

The prospective annual yield is 9.1%

The published balance sheet appears strong but it will look very different when the new pension standards come into force. The current NAV is £27.7m, including a pension surplus, but the new standards will produce a pension deficit that will wipe out that figure – although the annual pension charge will be lower. There will still be distributable reserves, even though the consolidated balance sheet will show net liabilities, so dividend payments will continue.

NATIONWIDE ACCIDENT REPAIRS SERVICES (NARS)	60.55p		
12 MONTH CHANGE %	-34.7	MARKET CAP £M	26.2

Nationwide is market leader in the accident repair sector, with 5%. A new website will help to boost retail sales. Nationwide is also considering acquiring written-off vehicles so it can use the undamaged body panels for repairing other cars. Customers would be quoted two prices: one for a new panel and one for a recycled one.

House broker Westhouse forecasts a flat full-year profit of £5.6m. The shares are trading on a prospective multiple of six.

Snoozebox wakes up to portable potential

Portable hotels *www.snoozebox.com*

Portable hotels company **Snoozebox** is barely more than a start-up, concept business but it has already signed up a number of high-profile customers.

There was a small amount of revenues last year for a prototype of the portable hotel offer but the business really got going in May. Snoozebox reported initial commercial revenues of £1.87m in the first half of 2012 and that was all earned in May and June. There was still a £1.67m interim loss, including £436,000 of flotation costs. The portable hotel has been used at the Silverstone Grand Prix and for the Olympic security village at Hainault in Essex.

SNOOZEBOX (ZZZ)	53.5p		
12 MONTH CHANGE %	N/A	MARKET CAP £M	27.4

Although many of the events that Snoozebox generates revenues from are in the summer there are other opportunities, including an 80-120 room hotel for the O2 Arena in Greenwich that will operate all year round. The Stoneleigh Park Hotel has ordered an 80-room hotel to cover the busy part of the conference season which is between October and March. There are also plans to launch the portable hotel in the US.

Snoozebox raised £12m from its flotation in May. Strong demand for rooms has meant that Snoozebox has needed to raise additional finance for capital investment. More cash is likely to be needed if demand continues to be strong.

The second half should be profitable but not enough to make up for the first-half loss. Analysts believe that pre-tax profit could be £2m in 2013, which puts the shares on 18 times 2013 earnings.

company news

DDD reaps benefit of ten years of investment in 3D technology

3D technology developer *www.ddd.com*

3D technology developer **DDD** has sustained the profitability achieved in the second half of 2011 and full-year forecasts have been upgraded. It is more than ten years since DDD floated and it has taken a long time to reach profitability but it is set to grow strongly over the coming years.

The company's technology enables 3D viewing without specialist glasses. Mobile remains a minority contributor to revenues but it is set to continue to grow rapidly. Mobile accounted for 4% of volumes in the first half and further products will be launched next year. Televisions, where Samsung is the licensee, continue to constitute the majority of volumes, while the computer market is growing rapidly.

DDD has developed the Yabazam 3D content portal

China is a potential new market for the technology.

DDD has developed the Yabazam 3D content portal and it is adding to the films and TV programmes available. In the future a subscription version is planned. This move could also spark demand for DDD's 3D conversion services.

Interim revenues grew from $2.32m to $4.03m and a loss of $387,000 was turned into a profit of $663,000. Cash in the bank has fallen from $3.14m

DDD (DDD)			25.5p
12 MONTH CHANGE %	- 20.3	MARKET CAP £M	34.2

to $2.46m over the six months to June 2012 because cash generated does not cover all the capitalised development spending. There should be enough cash for the company's needs, with an increase in cash expected in the second half.

DDD has shipped more than 20m units of its technology which shows that it is beginning to become significant in the global market.

Analysts expect a full-year profit of $1.6m on revenues of around $8m. Profit is forecast to rise to $4.5m in 2013.

Globo mobilises for US Enterprise launch

Mobile application software *www.globo.gr*

Globo is growing the sales of its mobile software and platforms and this is more than making up for lower revenues in Greece. Globo is addressing large and growing markets covering 5.4bn mobile subscribers around the world.

Revenues rose 29% to €25.2m despite the fall in Greek revenues. International revenues more than doubled and margins are improving so pre-tax profit increased 85% to €5.9m. Globo is converting most of its operating profit into cash which is much better than before.

Cash from operating activities jumped from €937,000 to €6.22m and this more than covered the capitalised development spending.

GLOBO (GBO)			23.5p
12 MONTH CHANGE %	+ 48	MARKET CAP £M	78.1

Globo raised £9.63m in April and there was net cash of €12.3m at the end of June.

GO!Enterprise Server, which enables existing handsets to be used as if they were Blackberry devices, was launched in the second half of 2011 when it generated revenues of €2m and in the first half of 2012 they increased to €4.4m. Customers are being built up in banking, insurance, construction and services and they mainly pay annual licences. The second version of the platform will add new functions. Partners will help Globo to sell into new international markets. Globo bought New York-based Dialect Technologies earlier this year and Globo is on course to launch GO!Enterprise in the US during October.

Globo is still talking about selling its Greek software operations, where revenues slumped in the first half. This has been going on for more than six months but Globo says the disposal should be completed by the end of the year.

RBC forecasts a rise in full-year profit from €12.3m to €17.8m, which means that the shares are trading on nine times prospective 2012 earnings.

company news

Allergy Therapeutics seeks US partner for grass allergy treatment

Allergy treatments developer *www.allergytherapeutics.com*

Allergy immunotherapy company **Allergy Therapeutics** returned to profit and comfortably beat market expectations for the year to June 2012. Allergy is progressing with plans to gain FDA approval for its Pollinex Quattro Grass allergy product and it is seeking a partner to help finance a phase III study.

Revenues were flat at £41.3m in the year to June 2012. This is because sales in Germany fell and this offset growth elsewhere. However, a reduction in admin expenses and a swing in the accounting translation difference relating to the company's borrowings meant that a loss of £2.31m was turned into a profit of £640,000. A fundraising earlier this year raised £13.3m and there was cash generated from operations.

Pollinex Quattro Grass allergy treatment could be on the market in the US by 2015

Net debt has been cut to £620,000.

Allergy believes that it can secure a US partner for the Pollinex Quattro Grass allergy treatment within the next 12 months. A shortlist will be completed by the end of this year and the partner would finance the phase III trials and would also need to have the infrastructure to be able to market and distribute the treatment assuming it does gain approval. It is possible that the grass allergy treatment could be on the market in the US by 2015.

ALLERGY THERAPEUTICS (AGY)	12p		
12 MONTH CHANGE %	+ 11.6	MARKET CAP £M	48.8

The grass allergy treatment could receive approval for the German market before the end of 2012 and this will enable marketing of the treatment to commence. There can then also be regulatory filings in other European markets.

There is scope for further growth in the UK, where sales remain modest compared with the potential market size.

Analysts forecast a small rise in 2012-13 revenues to £43.9m and a jump in profit to £2.6m. That should be enough to put the company into a net cash position. This does not assume any benefits from the US, which will come later.

Loyalty schemes and online sales boost CVS

Vet practices *www.cvsgroupplc.com*

Vet practices operator **CVS** has reported the strongest like-for-like growth since it became a quoted company thanks to online sales and increased revenues from pet loyalty schemes.

Revenues grew from £101.5m to £108.7m in the year to June 2012 with like-for-like growth of 2.9%. Online sales were £3m and online shops are being rolled out for individual practices. Pet club members increased by 132% to more than 65,000, which generated revenues of £5.2m, up from £2.4m. Laboratories and the crematorium

CVS (CVSG)	152p		
12 MONTH CHANGE %	+ 53.7	MARKET CAP £M	86.2

also grew revenues. Underlying profit rose from £10.2m to £11.9m.

The dividend was increased from 1p a share to 1.5p a share. Net debt was £30.9m at the end of June 2012 and it could drop to below £25m by the end of next June although that depends on whether more vet practices are acquired. Bank facilities totalling £40m last until December 2016.

CVS has 231 surgeries and an 11% market share. It has 73,207 members of its pet club, which generates 5% of revenues, and that could double in a year's time. Pet club clients spend 80% more than other clients. A practice management system is being rolled out and around half of the sites are already covered by the new software.

Underlying profit is forecast to rise to £12.3m in the year to June 2013. That puts the shares on nine times prospective 2012-13 earnings. If like-for-like growth continues to improve, the outcome could be even better.

dividends

NetPlay TV hits winning streak and starts to pay out

Interactive gaming *www.netplaytv.plc.uk*

Dividend

Interactive gaming business NetPlay TV restructured its balance sheet so that it could commence paying dividends. An interim of 0.15p a share has been announced and a similar payment could be made as a final dividend. That would be covered three times by forecast earnings per share of 0.9p for 2012.

This is not the maiden dividend for the company but it is the first dividend since it became NetPlay TV at the end of 2006. Martin Higginson became chairman and chief executive at that point and sold the operations of what had been Stream Group, which ran phone-in psychic services. Stream, which floated in April 2001, consistently distributed dividends and the last dividend it paid was 0.8p a share for the year to December 2005.

The current business is strongly cash generative and there was £10.5m in the bank at the end of June 2012, including £425,000 raised from the sale of the bingo operations. House broker Singer believes that NetPlay can generate an additional £8.6m in cash by the end of 2014.

Business

NetPlay's gaming brands include supercasino.com, which is broadcast on Sky 866 and on Channel 5 every night, and Jackpot247, broadcast on ITV1, The Zone and Sky 218. The ITV broadcast agreement was renewed in April. Bets can be placed online or by phone. Martin Higginson started the transformation of the business but he stepped down from the board at the end of 2010. Charles Butler, who originally joined the company as managing director at the beginning of 2010, took over as chief executive. Butler took the base that had been built up and moved NetPlay into profit in 2011.

NETPLAY TV (NPT)	
Price	12.3p
Market cap £m	34.7
Historical yield	Nil
Prospective yield	3.1%

Increased marketing and TV advertising spending is paying off for NetPlay, with a higher proportion of new customers coming from mobile and tablet customers in the six months to June 2012. There was a 33% increase in interim revenues to £13m and a jump in pre-tax profit from £268,000 to £1.61m.

Although NetPlay adds large numbers of new customers each quarter not all new customers end up as active players. The number of active depositing players increased 42% to 22,417 over the 12 months to September 2012, although there was a slight seasonal dip compared with the second quarter. There was a 34% increase in third-quarter revenues, including more than doubled revenues from mobile and tablet sources. A suite of mobile slot games from Playtech will be launched by the end of the year.

Daniel Stewart forecasts a doubled full-year profit of £2.6m, which appears a comfortable target given the performance in the first nine months of the year. The shares are trading on 14 times 2012 prospective earnings, falling to 11 for 2013. The cash in the bank could finance expansion into Europe but this is unlikely to use up all the available cash.

Dividend news

Technology outsourced services provider **Regenersis** announced a final dividend of 1.1p a share – the first since 2007 – which was better than expected. A one-third/two-third split is expected in future so the equivalent full-year dividend is 1.65p a share and growth of 10% a year is forecast. Revenues increased 13% to £139.9m in the year to June 2012, while pre-tax profit improved from £255,000 to £1.68m, although that is after restructuring costs of £4.95m, compared with £4.82m the year before. Net debt was reduced from £3.8m to £2.9m prior to the €6.5m acquisition of HDM, which takes Regenersis into Spain, Mexico and Argentina.

Holding down admin costs helped wealth management firm **Brooks Macdonald** improve its full-year profit even though the increase in revenues was relatively modest. Total dividends were still increased from 15p a share to 18.5p a share. In the year to June 2012, revenues grew from £52.2m to £53.3m and pre-tax profit improved from £7.29m to £8.52m, helped by higher finance income. At the end of June 2012, funds under management were 19% higher at £3.52bn, with all but £114m of the improvement coming from organic growth.

Market research and marketing services provider **Cello** has restructured itself into two new divisions: health and consumer. Health is the main focus of growth with the consumer division having a tough first half of 2012 and reporting a modest profit. Overall revenues were 3% higher at £63.3m, while the profit before reorganisation costs was 2% ahead at £3m. The contribution from the health division increased and accounted for nearly all group profit. The interim dividend improved from 0.55p a share to 0.58p a share. Cenkos forecasts an improvement in full-year profit from £7m to £7.4m. A total dividend of 1.9p a share, up from 1.72p a share, is forecast for 2012.

expert views

Expert view: The broker

Filling the bag

By DR KEITH REDPATH

Speciality pharma company Sinclair IS Pharma has secured the rights to three dermal filler brands in Western Europe. These will join Kelocote in the aesthetic market, and be sold through the existing dermatology sales infrastructure, thereby leveraging the asset.

Operational gearing is such that, with a modest increase in promotional spend, the majority of the gross profit generated falls to the bottom line. We have revised forecasts following the deal. Our target price of 45p remains unchanged.

The transaction is earnings accretive in the current financial year, and even more so in 2014 on our estimates.

Sinclair has acquired two products but they are sold under three different brand names. Poly-L-lactic acid is a synthetic biodegradable polymer. It is supplied as an injectable intradermal implant. Whilst acting as a physical filler, it also appears to promote the growth of new collagen, restoring elasticity to the skin and resulting in a lift effect. It is available as New-Fill® on prescription (and reimbursed) for the correction of facial lipodystrophy in patients with HIV – lipodystrophy (the loss of fat) is an effect associated with HIV and is also a side effect of certain treatments. The same product is also available as Sculptra® for use in general aesthetic procedures. Succeev® is a monophasic hyaluronic acid injectable for use as a dermal filler and also targets the aesthetic market.

Money

Sinclair has paid Valeant Pharmaceuticals €9m for the marketing rights in Western Europe for 100 years; additional sales-related milestones are payable. Sales of the three brands last year were €9.1m. The deal has been funded by raising £9m through the issue of 32.1m shares at 28p each. The balance of funds raised will be used for working capital purposes.

Sinclair has evolved through several acquisitions and disposals

Sinclair has evolved through several acquisitions and disposals such that sources of revenue are not concentrated in one brand or territory. Its five leading products prior to the deal accounted for 50% of sales and no one territory dominates (France is the largest at 24% of sales). Furthermore, currently about 55% of sales are reimbursed, and this is projected to fall in the current year, removing the risk of government-imposed downward price pressures. Thus the proposition is significantly de-risked.

We believe that the acquired brands have not been actively promoted for at least a year

Forecasts

We have revised our forecasts to include the contribution from the three dermal filler brands. We believe that the acquired brands have not been actively promoted for at least a year since Valeant acquired Dermik (sanofi-aventis' dermatology business) for $425m in July last year.

Consequently we have modelled the contribution to Sinclair's financial projections assuming €8.5m of sales and no growth (at an exchange rate of £1=€1.26). We have also increased sales and marketing expenditure, assuming that the brands receive some promotional spend. Given previous experience of Sinclair's ability to reinvigorate sales growth through targeted promotion (e.g. the Flamma franchise), we believe this may underestimate the impact of the deal.

The forecast revenues for the year to June 2013 have been increased from £55.4m to £59.3m, while adjusted EBITDA is expected to improve from £1.6m to £2.3m. This still helps to increase earnings per share from 0.87p to 1p. A full-year contribution from the acquisition pushes 2013-14 revenue estimates from £62.8m to £69.6m and provides a boost to adjusted EBITDA from £4.8m to £7m. Cash generation should be strong enough to move Sinclair into a net cash position by the end of June 2014, although this assumes no additional acquisitions.

More to come?

Sinclair has regularly stated that it would seek to utilise its sales force through the addition of further products. This it has done, again. We expect the trend to continue, although the timing of any deals is impossible to predict.

DR REDPATH is a research director specialising in health care and pharmaceuticals at finnCap.

feature

AIM Awards 2012

The seventeenth AIM Awards, sponsored by accountants PwC, were held at Old Billingsgate on 11 October. Here are the winners.

COMPANY OF THE YEAR

EMIS Group

GP patient records and pharmacy software supplier EMIS Group has performed consistently well since it joined AIM via a £50m placing at 300p a share in March 2010. EMIS is 25 years old and it has a strong market position, with 52.2% of the GP market and 36% of the pharmacy system market. EMIS has also been awarded one of the two framework agreements for supplying managed services to GPs in Wales. EMIS believes that the changes in the UK healthcare sector will provide additional opportunities. Interim revenues grew from £35.5m to £42.3m in the six months to June 2012 and £34.4m of the latest figure comes from recurring revenues. The business is strongly cash generative. Underlying operating profit improved from £10m to £11.5m and the interim dividend was increased from 6.2p a share to 7.1p a share. Dividend growth is expected to continue to be at least 10% a year. Full-year revenues are forecast to rise from £73.2m to £88m, while underlying profit should grow from £20.7m to £24m.

INTERNATIONAL COMPANY OF THE YEAR

Sierra Rutile

Mineral sands producer Sierra Rutile was originally known as Titanium Resources when it joined AIM in August 2005. The company operates a rutile mine in south-western Sierra Leone and it accounted for 14% of the rutile supplied in 2011. The JORC-compliant measured, indicated and inferred resource is more than 600m tonnes. Progress has not been straightforward, with the capsizing of Dredge 2 in 2008 and a dispute with the Sierra Leone government in 2010.

In the past two years operational improvements and capital investment have coincided with a rise in the price of rutile. Sierra has extracted itself from legacy contracts and the average rutile price it has received has more than quadrupled over the past six months. Sierra can potentially increase production. Pala Investment owns 55% of Sierra and last year it tried to acquire the rest of the shares for 30p a share. The share price has more than doubled since then.

BEST NEWCOMER

Escher Group

Escher Group, which raised £15.4m at 170p a share when it joined AIM in August 2011, supplies point-of-sale software to post offices around the world. The company is based in Ireland but its origins are in Boston in the US. As the volume of mail declines post offices around the world seek to cut costs and offer additional services in order to generate more revenues. Escher's software enables new product lines to be added more easily and efficiently.

The customer base includes An Post (Ireland), Deutsche Post, Austria Post and SAPO in South Africa. Since it joined AIM Escher has won a $50m contract with the US Postal Service (USPS), plus four other contracts. Interim profit almost trebled to $1.15m as USPS accounted for one-third of revenues, but the second half will be even stronger. The full benefits of the new contracts will come through in 2013 when earnings per share of 51.1 cents (31.8p) are forecast.

ENTREPRENEUR OF THE YEAR

Vin Murria, Advanced Computer Software

Vin Murria has built up Advanced Computer Software (ACS) through a series of acquisitions over the past four years. She became chief executive when Adastra Software reversed into what was then an AIM-quoted shell company called Drury Lane Capital in August 2008. The initial focus was on consolidation of software suppliers to the primary care sector but a second division has been built up providing back-office services to health organisations, local authorities and commercial businesses. There is also a managed services division. Although acquisitions have propelled growth, organic revenue growth was 10% in the six months to August 2012.

This is not the first time that Murria has built up a quoted software business. She ran AIM-quoted Computer Software Group (CSG), previously known as Software for Sport, which was also an acquisitive business. Turnover quadrupled to £25.2m in the three years to February 2006. Over the same period pre-amortisation profits jumped from £601,000 to £5m. Murria took CSG private via a 150p-a-share bid that valued it at £99.6m. After more deals it was acquired for $1bn by Hellman Friedman.

BEST RESEARCH

finnCap

Broker finnCap, the sponsor of the AIM Journal, has become one of the leading nominated advisers and brokers on AIM in the past few years. finnCap is the second-largest broker on AIM in terms of

feature

number of clients and its experienced and well-thought-of team of analysts has helped the small company adviser to achieve this strong market position. finnCap focuses on "growth stocks, with interesting or misunderstood market niches and good management" and it is the fifth-largest adviser by number of clients for the whole of the London Stock Exchange. Despite the tough stock market trading conditions, finnCap has continued to be profitable under chief executive Sam Smith.

BEST USE OF AIM

EKF Diagnostics

EKF Diagnostics has gone from a shell to an international diagnostics business in three years. Chief executive Julian Baines previously ran rapid-test diagnostics firm BBI, which was acquired by Inverness Medical in 2007 for £85m. The Germany-based EKF business was acquired in July 2010 and other acquisitions followed, including medical devices supplier Stanbio Laboratory in 2011.

EKF achieved like-for-like revenue growth of 7% in the first half of 2012 and it moved into profit. Revenues, including the Stanbio acquisition, were 71% ahead at £12.7m while an underlying loss of £239,000 was turned into a profit of £661,000. Sales of Beta-Hydroxybutyrate (BHB), which is used in diagnostics for diabetics, trebled to £1.5m. Sales of the HemoPoint haemoglobin analyser are likely to be better than expected this year. Despite the first-half profit Canaccord Genuity expects a small full-year loss but a profit of £2.3m in 2013.

AIM TRANSACTION OF THE YEAR

IGas Energy

IGas Energy's purchase of Star Energy Group from PETRONAS at the end of 2011 was chosen as the AIM transaction of the year. Star cost £110m, funded by debt, and it brought significant tax losses as well as providing profit to use IGas's own tax losses. This deal transformed IGas from a loss-making coal-bed methane company with limited revenues into a profitable onshore oil and gas assets owner and operator with pro forma revenues of £69m in the year to March 2012. The Star deal followed the acquisition of Nexen Exploration in March 2011 and IGas is the largest onshore oil and gas field operator in the UK. In September, IGas announced the purchase of further UK onshore oil and gas assets from Providence Resources for $66m (£41m).

BEST COMMUNICATION

ASOS

Online women's fashion retailer ASOS won the Best Communication award six years after the first time it was awarded the title. ASOS was AIM Company of the Year in 2008 and 2010, and chief executive Nick Robertson was Entrepreneur of the Year in 2011. In the 11 years that ASOS has been quoted on AIM its share price has risen from 20p to more than £22.

There have been board changes in recent times as ASOS gears up for the next phase of its growth. Former Marks & Spencer merchandise director Kate Bostock will join the board as executive director, product and trading, in January. Lord Waheed Ali is stepping down as chairman after 11 years. Lord Ali had the right to acquire 1,579,657 shares within 10 years of joining ASOS for £200,000 in total. In 2010, the option agreement was extended to 1 January 2014 but he could exercise it when he leaves. These shares are currently worth nearly £35m. Brian McBride, who used to run Amazon in the UK, takes over as chairman. He will receive £100,000-worth of shares on 1 November in each of the next three years.

An analyst presentation covering trading in the five months to August 2012, which is the new year end, is planned for 25 October.

BEST TECHNOLOGY

Bango

Mobile payments technology and analytics supplier Bango has come to prominence in the past year thanks to high-profile deals with Amazon and Facebook amongst others. Bango, which was founded in 1999, can provide mobile billing, credit card billing for apps and analytics for its customers. Bango takes care of tax and currency conversions on the payments that it handles, for which it retains between 2% and 5% of the payment depending on volumes. Bango Analytics charges a monthly fee for its services. The Cambridge-based company joined AIM in June 2005. North America is its largest market but it is increasing its global reach to include South America and Asia. There are 6bn mobile phone users in the world and 55% of US mobile users own smartphones. Bango has rolled out billing services for Facebook in the UK, US and Germany but the benefits are yet to show through in its figures.

BEST PERFORMING SHARE

West African Minerals

West African Minerals has changed significantly over the year that this share price performance is measured – 1 August 2011 to 31 July 2012. It was called Emerging Metals at the beginning of the period and changed its name at the end of 2011. At the beginning of 2012, West African acquired the shares it did not already own in Ferrum Resources, which owns iron ore interests in Cameroon. The original option over the Ferrum stake was signed in June 2011. At the time of the Ferrum purchase £3.25m was raised at 10p a share and a further £5.6m was raised in June 2012 at 55p a share.

statistics

Market Performance, Indices and Statistics

AIM SECTOR INFORMATION

SECTOR NAME	% OF MARKET CAP	% OF COMPANIES
Oil & gas	26.7	11.5
Financials	16.9	21.6
Basic materials	13.6	16.1
Industrials	11.8	18.6
Consumer services	8.6	9.5
Technology	7.9	9.4
Consumer goods	6.3	5.1
Health care	5.3	5.8
Telecoms	2	1.2
Utilities	1.1	1.2

FTSE INDICES

ONE-YEAR CHANGES

INDEX	PRICE	% CHANGE
FTSE AIM All-Share	709.46	+1.3
FTSE AIM 50	3098.76	+6.3
FTSE AIM 100	3234.7	+3.5
FTSE Fledgling	4521.98	+5.1
FTSE Small Cap	3242.6	+15.6
FTSE All-Share	3034.58	+14.3
FTSE 100	5809.45	+13.3

COMPANIES BY MARKET CAP

MARKET CAP	NO.
Under £5m	290
£5m-£10m	139
£10m-£25m	224
£25m-£50m	192
£50m-£100m	135
£100m-£250m	84
£250m+	46

KEY AIM STATISTICS

Total number of AIM	1,110
Number of nominated advisers	54
Number of market makers	56
Total market cap for all AIM	£58.8bn
Total of new money raised	£79bn
Total raised by new issues	£35.2bn
Total raised by secondary issues	£43.8bn
Share turnover value (2012)	£28.9bn
Number of bargains (2012)	4.03bn
Shares traded (2012)	145.1bn
Transfers to the official list	162

TOP 5 RISERS OVER 30 DAYS

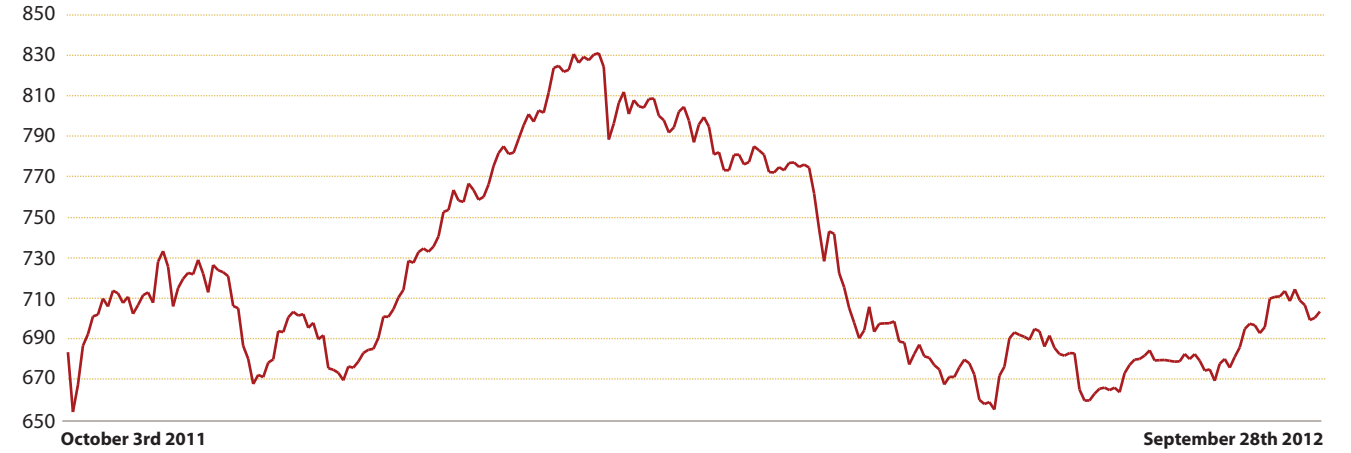
COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Nighthawk Energy	Oil and gas	6.4	+113.3
Pantheon Resources	Oil and gas	16.62	+101.5
Sound Oil	Oil and gas	0.93	+94.7
Watermark Global	Cleantech	0.19	+81
Magnolia Petroleum	Oil and gas	4.08	+73.4

TOP 5 FALLERS OVER 30 DAYS

COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Chariot Oil & Gas Ltd	Oil and gas	30.75	-73
Aortech International	Healthcare	61	-66.9
RCG Holdings Ltd	Technology	1.57	-65.2
2ergo	Technology	19.5	-55.2
Aerte Group	Technology	0.28	-53

AIM - 1 YEAR INDEX CHANGE

Source: London Stock Exchange



Data: Hubinvest Please note - All share prices are the closing prices on the 2nd October 2012, and we cannot accept responsibility for their accuracy.

sponsors

finnCap

finnCap is an independent, client-focused institutional broker and corporate adviser, whose chairman is Jon Moulton. The firm is 95% employee owned and it has a dedicated small cap focus. finnCap's goal is to be the leading adviser and broker in the small cap space. The broker has a full service offering, plus strong aftermarket care and client service. A proactive team approach means that there is support from all departments for all of the firm's corporate clients. This helped finnCap become the fastest growing broker in both 2009 and 2010. finnCap is ranked as the number two broker/nominated adviser on AIM by overall client numbers. It is number one ranked in healthcare, technology and industrials sectors.

finnCap won the Best Research award at the 2012 AIM Awards. finnCap was shortlisted for AIM Broker of the year, AIM Adviser of the year and Analyst of the year at the 2011 Growth Company Awards. finnCap's corporate broking and sales trading teams have achieved Extel Top 10 rankings for two years running.

finnCap has a strong track record of raising money for clients and it has advised on £280m of fundraisings and more than £300m of M&A transactions since June 2009. More than £140m was raised for clients in the year to June 2011.

Clients have a combined market value of around £3bn, with an average market capitalisation of approximately £40m. The top 20 clients have an average market capitalisation of more than £100m.

PUBLISHED BY:	Hubinvest Ltd,	**Mobile:**	07849 669 572
ADDRESS:	1C Beaufort Road, Kingston-upon-Thames, Surrey. KT1 2TH.	**EDITOR:**	Andrew Hore
		DATA:	Andrew Hore
TELEPHONE:	020 8549 4253	**PRODUCTION & DESIGN:**	David Piddington

SPONSORSHIP & ADVERTISING editor@aimmicro.com or telephone 020 8549 4253